

AMENDED IN ASSEMBLY APRIL 10, 2014

AMENDED IN ASSEMBLY MARCH 26, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1934**

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**Introduced by Assembly Member Alejo**

February 19, 2014

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An act to amend Sections 10003, 10005, 10010, 10013, 10014, and 10015 of the Corporations Code, relating to corporations.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1934, as amended, Alejo. Nonprofit corporations: corporation sole.

(1) The Nonprofit Corporation Law authorizes a presiding officer of a religious denomination, society, or church to form a corporation sole for the purpose of administering and managing its affairs. The law requires the Secretary of State to file articles of incorporation of a corporation sole, if the articles of incorporation conform to law.

This bill would require the Secretary of State, if he or she determines the articles of incorporation to form a corporation sole did not conform to law, to nonetheless file it if the articles of incorporation are resubmitted with an accompanying written opinion of a member of the State Bar of California that the specific provision of the articles of incorporation objected to by the Secretary of State conform to law and the supporting points and authorities upon which the written opinion is based.

(2) The Nonprofit Corporation Law authorizes a chief officer of a corporation sole to amend the articles of incorporation if the amendment is filed with the Secretary of State and includes a signed and verified

statement setting forth the provisions of the amendment and stating that the amendment has been duly authorized by the religious organization governed by the corporation sole.

This bill would expand this provision to also allow an amendment filed with the Secretary of State to state it has been duly approved by the hierarchical religious organization or entity responsible for forming the corporation sole, or by the hierarchical religious organization or entity responsible for overseeing the corporation sole according to the rules, canons, regulations, or discipline of the religious denomination, society, or church as to which the corporation sole is affiliated.

(3) The Nonprofit Corporation Law requires a declaration of dissolution of a corporation sole to include, among other things, a statement that the dissolution of the corporation sole has been duly authorized by the religious organization governed by the corporation sole.

This bill would expand that provision to also allow the statement that the dissolution of the corporation sole has been duly authorized by the hierarchical religious organization or entity responsible for forming the corporation sole, or by the hierarchical religious organization or entity responsible for overseeing the corporation sole according to the rules, canons, regulations, or discipline of the religious denomination, society, or church as to which the corporation sole is affiliated.

(4) The Nonprofit Corporation Law requires any assets of a dissolved corporation sole remaining after satisfying its debts and obligations to be transferred to the religious organization governed by the corporation sole, or to trustees in its behalf, or disposed of as may be decreed by the superior court of the county in which the dissolved corporation sole had its principal office.

This bill would expand this provision to authorize the assets to also be transferred to the hierarchical religious organization or entity responsible for forming the corporation sole, or the hierarchical religious organization or entity responsible for overseeing the corporation sole according to the rules, canons, regulations, or discipline of the religious denomination, society, or church to which the corporation sole is affiliated.

(5) This bill would also make technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 10003 of the Corporations Code is  
2 amended to read:

3     10003. The articles of incorporation shall state:

4     (a) The name of the corporation.

5     (b) That the officer forming the corporation is duly authorized  
6 by the canons, rules, regulations, or discipline of the religious  
7 denomination, society, or church to take such action.

8     (c) The county where the principal office for the transaction of  
9 the business of the corporation is located.

10    (d) The manner in which any vacancy occurring in the office  
11 of the bishop, chief priest, presiding elder, or other presiding officer  
12 is required to be filled by the canons, rules, regulations, or  
13 constitution of the denomination, society, or church.

14    SEC. 2. Section 10005 of the Corporations Code is amended  
15 to read:

16    10005. (a) The articles of incorporation shall be signed and  
17 verified by the bishop, chief priest, presiding elder, or other  
18 presiding officer forming the corporation and shall be submitted  
19 to the Secretary of State for filing in his or her office. If they  
20 conform to law, the Secretary of State shall file them and endorse  
21 the date of filing thereon. Upon the filing of the articles of  
22 incorporation with the Secretary of State, the corporation sole is  
23 formed.

24    (b) If the Secretary of State determines that articles of  
25 incorporation submitted for filing pursuant to this section do not  
26 conform to law and returns it to the person submitting it, the articles  
27 of incorporation may be resubmitted accompanied by a written  
28 opinion of the member of the State Bar of California submitting  
29 the articles, or representing the person submitting it, to the effect  
30 that the specific provision of the articles of incorporation objected  
31 to by the Secretary of State does conform to law and stating the  
32 points and authorities upon which the written opinion is based.  
33 The Secretary of State shall rely, with respect to any disputed point  
34 of law, upon that written opinion in determining whether the  
35 articles conform to law. The date of filing in that case shall be the  
36 date the Secretary of State receives the articles of incorporation  
37 on resubmission.

1 SEC. 3. Section 10010 of the Corporations Code is amended  
2 to read:

3 10010. The chief officer of a corporation sole may at any time  
4 amend the articles of incorporation of the corporation sole changing  
5 its name, the term of its existence, its territorial jurisdiction, or the  
6 manner of filling any vacancy in the office thereof, and may by  
7 amended articles of incorporation make provision for any act or  
8 thing for which provision is authorized in original articles of  
9 incorporation of corporation sole.

10 The chief officer of the corporation sole shall sign and verify a  
11 statement setting forth the provisions of the amendment and stating  
12 that it has been duly authorized by the religious organization  
13 governed by the corporation sole, the hierarchical religious  
14 organization or entity responsible for forming the corporation sole,  
15 or by the hierarchical religious organization or entity responsible  
16 for overseeing the corporation sole according to the rules, canons,  
17 regulations, or discipline of the religious denomination, society,  
18 or church as to which the corporation sole is affiliated.

19 The amendment shall be submitted to the Secretary of State for  
20 filing. If it conforms to law, the Secretary of State shall file it and  
21 endorse the date of filing thereon. Thereupon the articles are  
22 amended in the manner set forth in the statement.

23 SEC. 4. Section 10013 of the Corporations Code is amended  
24 to read:

25 10013. The declaration of dissolution shall set forth all of the  
26 following:

- 27 (a) The name of the corporation sole.
- 28 (b) The reason for its dissolution or winding up.
- 29 (c) That dissolution of the corporation sole has been duly  
30 authorized by the religious organization governed by the  
31 corporation sole, by the hierarchical religious organization or entity  
32 responsible for forming the corporation sole, or by the hierarchical  
33 religious organization or entity responsible for overseeing the  
34 corporation sole according to the rules, canons, regulations, or  
35 discipline of the religious denomination, society, or church as to  
36 which the corporation sole is affiliated.
- 37 (d) The names and addresses of the persons who are to supervise  
38 the winding up of the affairs of the corporation sole.

39 SEC. 5. Section 10014 of the Corporations Code is amended  
40 to read:

1     10014. The declaration of dissolution shall be submitted to the  
2 Secretary of State for filing. If it conforms to law, the Secretary  
3 of State shall file it and endorse the date of filing thereon.  
4 Thereupon, the corporation sole shall cease to carry on business,  
5 except for the purpose of adjusting and winding up its affairs.

6     SEC. 6. Section 10015 of the Corporations Code is amended  
7 to read:

8     10015. After the debts and obligations of the corporation sole,  
9 *including any civil judgments against the corporation sole*, are  
10 paid or adequately provided for, any assets remaining shall be  
11 transferred to the religious organization governed by the  
12 corporation sole, the trustees on behalf of the corporation sole, the  
13 hierarchical religious organization or entity responsible for forming  
14 the corporation sole, or the hierarchical religious organization or  
15 entity responsible for overseeing the corporation sole according  
16 to the rules, canons, regulations, or discipline of the religious  
17 denomination, society, or church to which the corporation sole is  
18 affiliated, or otherwise disposed of as may be decreed by the  
19 superior court of the county in which the dissolved corporation  
20 sole had its principal office upon petition therefor by the Attorney  
21 General or any person connected with the organization.